

2004 CITY OF SCOTTSDALE TRANSACTION PRIVILEGE (SALES) & USE TAX RATE CHANGE INFORMATION

On May 18, 2004, the citizens of the City of Scottsdale voted to increase the transaction privilege (sales) tax rate from 1.4% to 1.65%, and the use tax rate from 1.2% to 1.45%. On May 26, 2004, the Scottsdale City Council authorized the increase to be effective July 1, 2004. The additional privilege (sales) and use tax will be used to fund preservation of the McDowell Mountains and police/fire/public safety.

Below is the detailed information regarding how the new tax applies to specific categories.

1. **Retail Sales:** The increased tax rate shall apply to gross income from all contracts to deliver tangible personal property to a purchaser made on or after July 1, 2004. Please note the following differences between the City's privilege tax code and the State of Arizona's privilege tax code.
 - A. With the exception of motor vehicles, the City taxes the sale of tangible personal property that is purchased by an out-of-state resident while he/she is in Arizona, even if the item is shipped out-of-state.
 - B. For motor vehicles, an out-of-state resident may purchase a vehicle tax exempt while he/she is in Arizona as long as the motor vehicle is delivered out-of-state for use out-of-state.
 - C. The City taxes all food sales.
2. **Construction:** The increased tax rate imposed by this ordinance shall not apply to gross income derived from any construction contract (or similar arrangement or undertaking) executed or committed to, or where a binding bid has been submitted prior to July 1, 2004, or, in the case of an owner/builder, where any contract for sale or document for sale has been executed prior to July 1, 2004. As to such activities, the former tax rate of 1.4% shall apply and the increased tax rate of 1.65% shall apply only to such activities undertaken on or after July 1, 2004. There are several differences between the State Privilege Tax Code and the City Privilege Tax Code. If you have questions about those differences, please call (480) 312-2400
3. **Rental and Leasing of Real Property and Rental and Leasing of Tangible Personal Property:** The increased tax rate shall apply, in the case of a single rental payment, to gross income received from all rental agreements executed on or after July 1, 2004; but in the case of periodic or multiple rental payments, the increased tax rate shall apply to gross income received on or after July 1, 2004. Please note the following differences between the City's privilege tax code and the State of Arizona's privilege tax code.
 - A. The City of Scottsdale taxes residential rentals of a person or business that has three or more units available for rent within the state. If a person or business rents one commercial property, then all of their rentals are taxable, including two or less residential units.
 - B. The City also taxes licensing for use, for example; vending machine commissions, amusement machine commissions, and other coin operated machine commissions.
4. **Restaurants and Bars:** The increased tax rate shall apply to gross income from all food and beverage contracted to be delivered to the customer on or after July 1, 2004.
5. **Publishing and Periodicals Distribution:** The increased tax rate, in the case of a single payment, shall apply to gross income from materials distributed on or after July 1, 2004, but in the case of periodic or

multiple payments, the increased tax rate shall apply to gross income received on or after July 1, 2004.

6. Telecommunications: The increased tax rate, in the case of a single payment shall apply to gross income from all telecommunications contracts executed on or after July 1, 2004, but in the case of periodic or multiple payments, the increased tax rate shall apply to gross income received on or after July 1, 2004, regardless of when the telecommunications contract was executed.
7. Advertising: The increased tax rate, in the case of a single payment, shall apply to gross income from advertising disseminated on or after July 1, 2004, but in the case of periodic or multiple payments, the increased tax rate shall apply to gross income received on or after July 1, 2004. Please note, the City of Scottsdale taxes the sale of local advertising, while the State of Arizona chooses not to tax these transactions.
8. Amusements, Exhibitions and Similar Activities: The increased tax rate shall apply to all gross income received on or after July 1, 2004.
9. Job Printing: The increased tax rate shall apply to all gross income received from printed material delivered to the customer on or after July 1, 2004.
10. Feed at Wholesale: The increased tax rate shall apply to gross income derived from feed delivered to a purchaser or customer on or after July 1, 2004. Please note, the City of Scottsdale taxes feed at wholesale, while the State of Arizona chooses not to tax these transactions.
11. Utility Services: The increased tax rate shall apply, in the case of a single utility payment to gross income received from all utility contracts executed on or after July 1, 2004, but in the case of periodic or multiple payments, the increased tax rate shall apply to gross income received on or after July 1, 2004.
12. Transporting For Hire: The increased tax rate shall apply to gross income for transportation received by the taxpayer either directly or through any travel agent, broker, or purveyor of transportation services on or after July 1, 2004
13. Manufactured Buildings: The increased tax rate shall not apply to gross income derived from any contract (or similar arrangement or undertaking) executed or committed to, or where a binding bid has been submitted prior to July 1, 2004. As to such activities, the former rate of 1.4% shall apply and the increased rate of 1.65% shall apply only to such activities undertaken on or after July 1, 2004.
14. Timbering and Other Extractions: The increased tax rate shall apply to gross income derived from timber or natural resources delivered to the customer on or after July 1, 2004.
15. Use Tax: The increased tax rate shall apply to storage and use of tangible personal property occurring on or after July 1, 2004. The use tax rate will increase from 1.2% to 1.45%.
16. The tax rate for jet fuel remains at \$0.018 cents per gallon. The tax rate for mining remains at 0.1% of gross income. The transient occupancy (bed) tax remains at 3.0% of gross income.

If you have any questions concerning this privilege and use tax rate increase, please call the Tax Audit Division at (480) 312-7026 or the Tax and License Registration at (480) 312-2400.